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June 12, 2014

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VIA ELECTRONIC FILING

Ms. Jocelyn Boyd
Chief Clerk & Administrator
Public Service Commission of South Carolina
Synergy Business Park, Saluda Building
101 Executive Center Drive, Suite 100
Columbia, SC 29210

**Re: Duke Energy Progress, Inc.'s Annual Review of Base Rates for Fuel Costs
Docket No. 2014-1-E**

Dear Ms. Boyd:

Enclosed for filing please find the Settlement Testimony of Kimberly D. McGee for Duke Energy Progress, Inc. in the above-referenced docket. This testimony is being filed in support of the Settlement Agreement filed today by the Office of Regulatory Staff. By copy of this letter we are serving the same on the parties of record.

Yours truly,

ROBINSON, MCFADDEN & MOORE, P.C.

Frank R. Ellerbe, III

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Enclosures

cc w/enc: Jeffrey M. Nelson, Esquire (via email and US Mail)
Robert R. Smith, II, Esquire (via email and US Mail)
Garrett A. Stone, Esquire (via email and US Mail)
Michael K. Lavanga, Esquire (via email and US Mail)
Timika Shafeek-Horton, Deputy General Counsel (via email)
Brian L. Franklin, Esquire (via email)

BEFORE THE
PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-1-E

In the Matter of)	
Annual Review of Base Rates)	SETTLEMENT TESTIMONY OF
for Fuel Costs for)	KIMBERLY D. MCGEE FOR
Duke Energy Progress, Inc.)	DUKE ENERGY PROGRESS, INC.
)	

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.**

2 A. My name is Kimberly D. McGee. My business address is 550 South Tryon
3 Street, Charlotte, North Carolina.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am a Rates Manager supporting both Duke Energy Progress, Inc. (“DEP” or the
6 “Company”) and Duke Energy Carolinas, LLC.

7 **Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN SUPPORT OF**
8 **DEP’S APPLICATION IN THIS DOCKET?**

9 A. Yes, I did.

10 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY IN**
11 **THIS PROCEEDING?**

12 A. The purpose of my testimony is to support the Settlement Agreement reached
13 between DEP, Nucor Steel – South Carolina, and the South Carolina Office of
14 Regulatory Staff (“ORS”) (collectively referred to as the “Parties”), and to explain
15 the adjustments that are included in the Settlement Agreement and the associated
16 impact on customer rates.

17 **Q. PLEASE DESCRIBE THE ADJUSTMENTS.**

18 A. The Company agrees to adjust the cumulative (under)-recovered base fuel cost
19 balance for the period ending June 30, 2014, to (\$18,720,972) and the over-
20 recovered environmental cost balance to \$434,103.

21 The Company has also agreed to accept the three adjustments proposed by
22 ORS to the estimated cumulative (under)-recovery of fuel and fuel related
23 expenses. The first adjustment of \$343,999 revised the cogeneration and

1 renewable energy purchases from April 2013 through December 2013 reported in
2 March 2014. The second adjustment results from ORS's recalculation of the
3 estimated fuel billing factor for the months of April, May, and June 2014,
4 resulting in an over-recovery adjustment of \$494,649 to DEP's base fuel costs.
5 These two adjustments were offset by a small adjustment of \$5,265 due to
6 rounding issues relating to the change in methodology of computing the
7 cumulative over/(under) recovery balance to be based on a cents/kWh basis. The
8 cumulative over/(under) recovery balance at June 30, 2014 will be trued up to
9 actuals during the next annual proceeding.

10 **Q. IN YOUR VIEW, IS THE SETTLEMENT REACHED BY THE PARTIES IN**
11 **THE PUBLIC INTEREST?**

12 A. Yes, the Parties believe the Settlement Agreement represents a fair, reasonable and
13 full resolution of all issues in this proceeding. Further, the Parties believe the
14 Settlement Agreement is in the public interest and should be accepted by the
15 Commission as a fair and reasonable resolution of the issues in this proceeding.

16 **Q. DOES THIS CONCLUDE YOUR PRE-FILED SETTLEMENT**
17 **TESTIMONY?**

18 A. Yes.

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2014-1-E**

In Re:)
)
Annual Review of Base Rates for)
Fuel Costs for Duke Energy Progress, Inc.)

CERTIFICATE OF SERVICE

This is to certify that I, Toni C. Hawkins, a Paralegal with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Settlement Testimony of Kimberly D. McGee for Duke Energy Progress, Inc.** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

Robert R. Smith, II, Esquire
Moore & Van Allen, PLLC
100 North Tryon Street, Suite 4700
Charlotte, NC 28202

Garrett A. Stone, Esquire
Michael K. Lavanga, Esquire
Brickfield, Burchette, Ritts & Stone, PC
1025 Thomas Jefferson St., NW
Eighth Floor, West Tower
Washington, DC 20007

Dated at Columbia, South Carolina this 12th day of June, 2014.



Toni C. Hawkins